

Clause No. 4 in Report No. 8 of Committee of the Whole was adopted, without amendment, by the Council of The Regional Municipality of York at its meeting held on December 19, 2013.

**4**

**2014 BUSINESS PLAN AND BUDGET - ENVIRONMENTAL SERVICES**

**Committee of the Whole recommends:**

- 1. Receipt of the presentation by Erin Mahoney, Commissioner of Environmental Services.**
- 2. The draft 2014 Environmental Services Operating and Capital Business Plan and Budget, as submitted in the report dated December 2, 2013 from the Commissioner of Environmental Services, be consolidated by the Treasurer for approval by Council on December 19, 2013, as summarized in *Attachment 1*.**

**1. RECOMMENDATION**

It is recommended that:

- 1. The Committee of the Whole recommend the draft 2014 Environmental Services' Operating and Capital Business Plan and Budget as submitted be consolidated by the Treasurer for approval by Council on December 19, 2013, as summarized in *Attachment 1*.**

**2. PURPOSE**

This report provides a summary of the 2014 Operating and Capital Business Plan and Budget for Environmental Services, including Water and Wastewater Services, Waste Management Services, and Natural Heritage and Forestry Services for consideration and recommendation to Council on December 19, 2013.

### **3. BACKGROUND**

#### **The 2014 Business Plan and Budget was tabled on November 21, 2013**

The consolidated 2014 Operating and Capital Business Plan and Budget was tabled with Council on November 21, 2013. It was received and referred to the December meetings of Committee of the Whole for consideration and recommendation.

The *2014 Budget Directions* report, approved by Council on June 27, 2013, indicated that the 2014 budget would be approved in January 2014. However, under the new committee structure, it is possible that Council may be in a position to approve the budget in December 2013. If substantive changes are recommended by Committee of the Whole, additional time may be required to consolidate these changes and Council approval of the budget would occur on January 23, 2014, as originally planned.

#### **Multi-year commitments for capital projects are proposed as part of the budget process**

Capital Spending Authority (CSA) is used for projects with contractual and other clear or certain multi-year commitments. As in previous years, Council is asked to approve multi-year CSA for capital projects.

#### **Council approved a 2014 budget outlook in January 2013**

In the 2013 budget process, York Region introduced multi-year budgeting. As part of this multi-year process, Council approved an outlook for 2014. The approved outlook is the starting point for the 2014 budget process. The 2014 Budget includes a comparison of the 2014 proposed budget and the 2014 approved outlook.

### **4. ANALYSIS AND OPTIONS**

#### **OPERATING BUSINESS PLAN AND BUDGET**

#### **The proposed budget for Environmental Services reflects total net operating expenditures of \$48.5 million in 2014**

The 2014 Operating Business Plan and Budget includes the cost of providing base service, mandatory or legislated requirements, annualization, growth, and service enhancements.

The proposed net expenditure budget for Environmental Services represents \$48.5 million, or 5% of the total 2014 proposed Regional net operating expenditures. Water and wastewater services are funded by user rates and therefore are not reflected in tax levy

funded net expenditures. On a gross basis, total proposed 2014 Environmental Services expenditures are \$506.3 million, or 28% of the Regional total.

Table 1 in *Attachment 1* summarizes the gross and net operating budgets for Environmental Services.

**The proposed budget reflects a decrease in net operating expenditures of \$1.7 million compared to the approved outlook**

The 2014 proposed budget includes a tax levy increase of 1.54%, which is less than the approved outlook of 1.75%. Changes within the budgets for Regional programs were necessary to accommodate the \$5.9 million revenue/expenditure savings target included in the 2014 outlook and to achieve a lower proposed net tax levy increase.

Table 2 in *Attachment 1* summarizes the change to the approved outlook for Environmental Services.

**CAPITAL BUSINESS PLAN AND BUDGET**

**Approval of Capital Spending Authority of \$1.3 billion in 2014 is requested for Environmental Services**

The capital budget includes new infrastructure projects in support of growth, rehabilitation and replacement of existing infrastructure and service enhancement.

The proposed budget for Environmental Services represents \$1.3 billion, or 51% of the total 2014 proposed CSA.

For the first time, the 2013 Budget combined capital projects into program groups. Each program group contained capital projects with similar business needs.

The 2014 Budget builds on the success of program groups by seeking Council's approval of additional flexibility for reallocating funding within a program group. Specifically, the 2014 Budget seeks Council approval of:

1. The program groups specified in the 2014 Capital Budget book; and
2. The authority to reallocate funding between projects in a program group as long as: there is no increase in the total cost of the program group's Ten-Year Capital Plan; there is no increase in the total CSA for the program group; and, the reallocation of funding is between projects with similar funding sources.

This additional flexibility will enable departments to better manage variations in project timing.

Tables 3 to 7 in *Attachment 1* summarize the 2014 CSA by program and show the associated financing sources for Environmental Services. Details on the individual projects included in the program groups are available in the 2014 Capital Business Plan and Budget book.

### **Link to key Council-approved plans**

The 2014 Operating and Capital Business Plan and Budget reflects the directions and strategies set out in *Vision 2051, York Region Official Plan*, the *Transportation Master Plan*, the *Water and Wastewater Master Plan* and the *Community and Health Services Multi-Year Plan*. The budget was also influenced by strategic priorities outlined in the *2011 to 2015 Strategic Plan* and is supportive of its objectives.

## **5. FINANCIAL IMPLICATIONS**

The net operating budget for Environmental Services totals \$48.5 million, approximately 5% of the Region's total 2014 proposed net operating budget.

The proposed 2014 CSA for Environmental Services reflects a multi-year commitment of \$1.3 billion. Expenditures not identified as part of CSA but contained within the Ten-Year Capital Plan are provided for planning purposes and will be brought forward for formal approval in subsequent budget years.

## **6. LOCAL MUNICIPAL IMPACT**

The Region provides essential services to the residents and businesses in York Region. The challenge of meeting growing demands for service and improving service delivery is addressed through the Region's business planning process. The Region's investments help local municipalities realize their growth, planning and public service objectives.

## **7. CONCLUSION**

This report sets out the proposed 2014 Operating and Capital Business Plan and Budget for Environmental Services. To facilitate the completion of the budget process, it is recommended that the Committee's recommendations be forwarded to Council on December 19, 2013.

For more information on this report, please contact Kelly Strueby, Director, Office of the Budget, at Ext. 71611.

*Attachment (1)*

**2014 BUSINESS PLAN AND BUDGET  
SUMMARY FOR ENVIRONMENTAL SERVICES**

**Table 1**  
2014 Proposed Operating Budget

<b>Department</b>	<b>Page No.</b>	<b>2014 Gross Operating Expenditures* \$000s</b>	<b>2014 Net Operating Expenditures* \$000s</b>
Waste Management	151	62,027	42,380
Water and Wastewater Services <sup>1</sup>	131	437,338	0
Natural Heritage and Forestry	170	6,973	6,152
<b>Total</b>		<b>506,339</b>	<b>48,532</b>

\* Includes Contribution to Capital.

<sup>1</sup> Water & Wastewater operating expenditures (including corporate allocations) are recovered from User Rates.

Note: Figures may not add due to rounding.

**Table 2**  
2014 Budget Changes to the Approved Outlook - Operating Budget

<b>Department</b>	<b>Page No.</b>	<b>2014 Approved Outlook Net Operating Expenditures* \$000s</b>	<b>2014 Proposed Net Operating Expenditures* \$000s</b>
Waste Management	151	44,454	42,380
Water and Wastewater Services <sup>1</sup>		0	0
Natural Heritage and Forestry	170	5,747	6,152
<b>Total</b>		<b>50,201</b>	<b>48,532</b>

\* Includes Contribution to Capital.

<sup>1</sup> Water & Wastewater operating expenditures (including corporate allocations) are recovered from User Rates.

**Table 3**  
Capital Spending Authority  
Water Services

	<b>Page No.</b>	<b>2014 Approved Outlook \$000s</b>	<b>2014 CSA Change \$000s</b>	<b>2014 Proposed CSA \$000s</b>
<b>Program Expenditures:</b>				
Rehabilitation and Replacement	146	59,312	(4,856)	54,456
Growth	144	354,603	14,170	368,773
<b>Total CSA</b>	147	<b>413,915</b>	<b>9,314</b>	<b>423,229</b>
<b>Financing Sources:</b>				
Development Charges	147	1,497	4,878	6,375
User Rates	147	11,007	16,569	27,576
Debenture Proceeds	147	401,411	(12,133)	389,278
<b>Total Financing Sources</b>	147	<b>413,915</b>	<b>9,314</b>	<b>423,229</b>

**Table 4**  
Capital Spending Authority  
Wastewater Services

	<b>Page No.</b>	<b>2014 Approved Outlook \$000s</b>	<b>2014 CSA Change \$000s</b>	<b>2014 Proposed CSA \$000s</b>
<b>Program Expenditures:</b>				
Rehabilitation and Replacement	179	80,867	(18,757)	62,110
Growth	177	661,372	128,290	789,662
<b>Total CSA</b>	180	<b>742,239</b>	<b>109,533</b>	<b>851,772</b>
<b>Financing Sources:</b>				
Development Charges	180	900	995	1,895
User Rates	180	15,765	1,466	17,231
Other Recoveries	180	130,897	28,749	159,646
Debenture Proceeds	180	594,677	78,323	673,000
<b>Total Financing Sources</b>	180	<b>742,239</b>	<b>109,533</b>	<b>851,772</b>

**Table 5**  
Capital Spending Authority  
Waste Management

	Page No.	2014 Approved Outlook \$000s	2014 CSA Change \$000s	2014 Proposed CSA \$000s
<b>Program Expenditures:</b>				
Rehabilitation and Replacement	206	9,593	(2,043)	7,550
Growth	205	27,465	15,462	42,927
<b>Total CSA</b>	208	<b>37,058</b>	<b>13,419</b>	<b>50,477</b>
<b>Financing Sources:</b>				
Reserves	208	17,418	(1,616)	15,802
Debenture Proceeds	208	19,640	15,035	34,675
<b>Total Financing Sources</b>	208	<b>37,058</b>	<b>13,419</b>	<b>50,477</b>

**Table 6**  
Capital Spending Authority  
Natural Heritage and Forestry

	Page No.	2014 Approved Outlook \$000s	2014 CSA Change \$000s	2014 Proposed CSA \$000s
<b>Program Expenditures:</b>				
Natural Heritage and Forestry	225	2,261	2,815	5,076
<b>Total CSA</b>	225	<b>2,261</b>	<b>2,815</b>	<b>5,076</b>
<b>Financing Sources:</b>				
Current Tax Levy Reserves	225	690	335	1,025
Development Charges	225	680	0	680
Reserves	225	891	2,480	3,371
<b>Total Financing Sources</b>	225	<b>2,261</b>	<b>2,815</b>	<b>5,076</b>



**Table 7**  
**Capital Spending Authority**  
**Environmental Services**

	<b>2014 Approved Outlook \$000s</b>	<b>2014 CSA Change \$000s</b>	<b>2014 Proposed CSA \$000s</b>
<b>CSA – Gross Capital Expenditures</b>	<b>1,195,473</b>	<b>135,081</b>	<b>1,330,554</b>
<b>Financing Sources:</b>			
Current Tax Levy Reserves	690	335	1,025
Development Charges	3,077	5,873	8,950
Reserves	18,309	864	19,173
User Rates	26,772	18,035	44,807
Other Recoveries	130,897	28,749	159,646
Debenture Proceeds	1,015,728	81,225	1,096,953
<b>Total Financing Sources</b>	<b>1,195,473</b>	<b>135,081</b>	<b>1,330,554</b>